

Message Text

CONFIDENTIAL

PAGE 01 KINSHA 04367 01 OF 02 030820Z
ACTION AF-10

INFO OCT-01 EUR-12 NEA-11 ISO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 ICA-11
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
AGRE-00 DOTE-00 INT-05 /089 W
-----005567 030834Z /21

P 030646Z MAY 78
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC PRIORITY 9499
INFO AMEMBASSY BONN
AMEMBASSY BRAZZAVILLE
AMEMBASSY BRUSSELS
AMEMBASSY BUJUMBURA
AMCONSUL BUKAVU
AMEMBASSY DAR ES SALAAM
AMEMBASSY JIDDA
AMEMBASSY KIGALI
AMEMBASSY LONDON
AMCONSUL LUBUMBASHI
AMEMBASSY LUSAKA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 1 OF 2 KINSHASA 4367

DEPT PASS TREASURY

LIBREVILLE PASS A/S BERGSTEN AND DAS WALKER

E.O. 11652: GDS
TAGS: ECON, EAID, CG
SUBJECT: BERGSTEN VISIT TO ZAIRE: MEETING ON MOBUTU PLAN

1. SUMMARY: BERGSTEN AND WALKER HAD FRUITFUL TWO-HOUR WORKING
SESSION WITH GOZ REPS KNOWLEDGEABLE OF MOBUTU PLAN. GOZ COORDI-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINSHA 04367 01 OF 02 030820Z

NATOR, MINISTER OF PLAN MULUMBA, OUTLINED PRIORITIES OF PLAN AND

STATED THAT CONTEMPLATED THREE-YEAR INVESTMENT UNDER PLAN WILL
BE 1.8 BILLION ZAIRES, OF WHICH IT IS ASSUMED THAT 30 TO
40 PER CENT WILL COME FROM FOREIGN DONORS. FOREIGN CONTRIBUTION
WILL INCLUDE DEBT RESCHEDULING. GOZ INTENDS TO PURSUE SIMUL-
TANEOUSLY GOALS OF MOBUTU PLAN--STABILIZATION, REHABILITATION AND

DEVELOPMENT. GOZ EXPECTS THAT PLAN WILL BE FINISHED AND IMF
STANDBY CONCLUDED PRIOR TO BRUSSELS MEETING OF DONORS SCHEDULED
FOR JUNE. END SUMMARY

2. ON APRIL 26 TREASURY A/S BERGSTEN, AF DAS WALKER, AMBASSADOR
CUTLER, USAID DIRECTOR AND ECON COUNSELOR PARTICIPATED IN TWO-
HOUR WORKING SESSION CONCERNING MOBUTU PLAN WITH REPS FROM THE
MINISTRIES OF PLAN, RURAL DEVELOPMENT, FINANCE, THE CENTRAL BANK
AND OFFICE OF THE PRESIDENCY. THE GOZ COORDINATOR WAS MINISTER
OF PLAN MULUMBA, WHO IN BRIEF OPENING STATEMENT MADE FOLLOWING
POINTS:

A. PRIORITIES UNDER THE MOBUTU PLAN WILL BE:

- 1) DEVELOPMENT OF AGRICULTURE
- 2) REORGANIZATION OF TRANSPORT
- 3) IMPROVEMENT OF MINING INDUSTRY
- 4) REGIONAL ECONOMIC DECENTRALIZATION
- 5) BETTER FINANCIAL CONTROL AND IMPROVEMENT OF MANAGEMENT
IN ALL ASPECTS OF GOVERNMENT

B. TOTAL INVESTMENT IN THE THREE YEARS OF THE PLAN WILL BE
1.8 BILLION ZAIRES, OF WHICH TRANSPORT AND TELECOMMUNICATIONS WILL
ABSORB 745 MILLION ZAIRES, AGRICULTURE AND RURAL DEVELOPMENT
AROUND 405 MILLION ZAIRES AND ENERGY, PRIMARILY INCREASED
PETROLEUM PRODUCTS, AROUND 240 MILLION ZAIRES.

C. BELGIUM'S ROLE IN PLAN IS INFORMATION GATHERER (INFORMATEUR)
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINSHA 04367 01 OF 02 030820Z

FOR THOSE WHO WILL PARTICIPATE IN FINANCING OF THE PLAN.

D. WORLD BANK WILL BE COORDINATOR AND MANAGER OF INTERNATIONAL
FUNDS FOR THE MOBUTU PLAN.

3. GOZ APPRECIATED CITIBANK'S EFFORTS TO MOBILIZE PRIVATE CREDIT
NECESSARY FOR PART OF THE DEVELOPMENT PROGRAM.

3. BERGSTEN STATED THAT HE UNDERSTOOD THE THREE GOALS OF THE
MOBUTU PLAN CONCERNED: A) MONETARY POLICY, B) BETTER MANAGE-
MENT WITH THE ASSISTANCE OF EXPATRIATES, AND C) GROWTH AND
DEVELOPMENT--OR, IN SIMPLIFIED TERMS, STABILIZATION, REHABILITA-
TION AND DEVELOPMENT. HE INQUIRED AS TO WHETHER THESE GOALS
WOULD BE PURSUED SIMULTANEOUSLY OR SEQUENTIALLY. MULUMBA
REPLIED THAT THE GOALS WOULD BE PURSUED SIMULTANEOUSLY. HE
STATED THE MOST ESSENTIAL ELEMENT IS TO IMPROVE LIVING STANDARDS
OF THE PEOPLE, PRIMARILY THROUGH AGRICULTURE. THE KEY PRE-
REQUISITE FOR ACCOMPLISHING THE GOALS IS BETTER MANAGEMENT.
ZAIRE WILL CONCENTRATE UPON TWO IMPROVEMENTS OF THE CENTRAL
BANK: A) ITS ROLE IN FOREIGN EXCHANGE ALLOCATION AND B) ITS
SUPERVISION OF THE COMMERCIAL BANKS.

4. MULUMBA STATED THAT ZAIRE WILL ALSO CONCENTRATE UPON IMPROVEMENT OF THE MANAGEMENT OF THE PARASTATAL ORGANIZATIONS AND UPON CUSTOMS AND TAX COLLECTION. IN AGRICULTURE, SPECIFIC ATTENTION WILL BE PLACED UPON FOOD PRODUCTION AND PARTICULARLY UPON SMALL PROJECTS. THERE WILL BE SOME INVESTMENT IN MANUFACTURING, PRIMARILY TO SATISFY CONSUMPTION NEEDS. THE NEED FOR INVESTMENT IN TRANSPORTATION IS OBVIOUS. NEW INVESTMENT IS NOT CONTEMPLATED FOR THE MINING SECTOR, BUT RATHER IMPROVEMENT OF EXISTING INVESTMENT.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 KINSHA 04367 02 OF 02 030820Z
ACTION AF-10

INFO OCT-01 EUR-12 NEA-11 ISO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 ICA-11
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
AGRE-00 DOTE-00 INT-05 /089 W
-----005564 030834Z /21

P 030646Z MAY 78
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC PRIORITY 9500
INFO AMEMBASSY BONN
AMEMBASSY BRAZZAVILLE
AMEMBASSY BRUSSELS
AMEMBASSY BUJUMBURA
AMCONSUL BUKAVU
AMEMBASSY DAR ES SALAAM
AMEMBASSY JIDDA
AMEMBASSY KIGALI
AMEMBASSY LONDON
AMCONSUL LUBUMBASHI
AMEMBASSY LUSAKA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 2 OF 2 KINSHASA 4367

DEPT PASS TREASURY

LIBREVILLE PASS A/S BERGSTEN AND DAS WALKER

5. SPECIFIC STEPS CONTEMPLATED IN AGRICULTURE ARE TO CHANGE OR ELIMINATE CERTAIN PARASTATAL ORGANIZATIONS SUCH AS ONACER (NATIONAL CEREALS OFFICE) WHICH HAS BEEN INEFFICIENT, ONAFITEX

(NATIONAL TEXTILE OFFICE) WHICH HAS BEEN ABOLISHED, AND ONC
(NATIONAL COFFEE OFFICE) WHICH WILL BE REORGANIZED. FIVE OF THE
EIGHT TAXES ON COFFEE HAVE BEEN ELIMINATED AND THE OTHERS REDUCED.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINSHA 04367 02 OF 02 030820Z

THE OBJECTIVE IS TO GUARANTEE A DECENT PRODUCERS PRICE AND TO
GIVE AN INCENTIVE TO EXPORTERS.

6. ACCORDING TO MULUMBA, DEVELOPMENT WILL BE GEARED TO MEETING
BASIC NEEDS AND NOT TO GRANDIOSE PLANS. STABILIZATION AND RE-
HABILITATION ARE PREREQUISITES FOR DEVELOPMENT, BUT STABILIZATION
IS NOT AN END IN ITSELF BUT RATHER A MEANS TO AN END.

7. FOLLOWING THE THREE-YEAR MOBUTU PLAN, THE GOZ CONTEMPLATES
A FIVE-YEAR DEVELOPMENT PLAN.

8. IN RESPONSE TO WALKER'S QUERY AS TO WHAT PERCENTAGE OF THE
PLAN'S 1.8 BILLION ZAIRES IS CONTEMPLATED TO BE PROVIDED BY
DONOR COUNTRIES, MULUMBA REPLIED THAT APPROXIMATELY 30 TO 40
PER CENT IS CONTEMPLATED FROM DONORS. IN RESPONSE TO A QUESTION
BY BERGSTEN, MULUMBA ASSUMED THAT DEBT RESCHEDULING WOULD BE A
PORTION OF THE 30 TO 40 PER CENT ANTICIPATED FROM EXTERNAL
FINANCING.

9. MULUMBA STATED ZAIRE WILL NEGOTIATE A ONE-YEAR AGREEMENT WITH THE
IMF BUT THERE IS AN UNDERLYING ASSUMPTION THAT IT WILL BE RENEWED
FOR TWO ADDITIONAL YEARS. MULUMBA CRITICIZED PREVIOUS IMF
AGREEMENTS AS HAVING UNREALISTIC TARGETS. BERGSTEN COMMENTED
THAT THE U.S. TAKES NO POSITION ON DETAILS OF NEGOTIATIONS WITH
THE IMF BUT OBSERVED THAT EVERYTHING DEPENDS UPON REACHING AN
AGREEMENT WITH THE IMF.

10. CENTRAL BANK VICE GOVERNOR NSELE COMMENTED THAT ZAIRE HAS
TAKEN STEPS, AND WILL TAKE ADDITIONAL ONES, TO ASSURE BETTER RE-
PATRIATION OF EXPORT EARNINGS.

11. WALKER OBSERVED THAT IN THE PAST WE HAVE GIVEN ECONOMIC
ASSISTANCE TO SUPPORT STABILIZATION EFFORTS THAT FAILED.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINSHA 04367 02 OF 02 030820Z

THEREFORE, IN REQUESTING NEW ASSISTANCE, IT IS ESSENTIAL THAT
ZAIRE SHOW IMPLEMENTATION RATHER THAN JUST PLANS FOR ECONOMIC
IMPROVEMENT.

12. IN RESPONSE TO AN INQUIRY BY BERGSTEN AS TO TIMING OF THE
MOBUTU PLAN AND NEW IMF STANDBY, MULUMBA STATED THAT GOZ EXPECTS

THAT THE PLAN WILL BE FINISHED AND THE IMF STANDBY CONCLUDED
PRIOR TO THE BRUSSELS MEETING OF DONORS SCHEDULED FOR JUNE.

13. THIS CABLE HAS NOT BEEN CLEARED BY SECRETARIES BERGSTEN
AND WALKER.
CUTLER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, VISITS, MEETINGS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINSHA04367
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780188-0321
Format: TEL
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780598/aaaadfuc.tel
Line Count: 230
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f53b23a5-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2807223
Secure: OPEN
Status: NATIVE
Subject: BERGSTEN VISIT TO ZAIRE: MEETING ON MOBUTU PLAN
TAGS: ECON, EAID, CG, (WALKER, LANNON), (BERGSTEN, C FRED), (MULUMBA LOKOJI)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f53b23a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014